

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

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SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 /102 W
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TO SECSTATE WASHDC 0921

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AMCONSUL HAMBURG

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E.O. 11652: N/A

TAGS: ENRG, GW

SUBJ: FRG ENERGY DEVELOPMENTS

REF: (A) BONN 18677; (B) BONN'S A-103, APRIL 15, 1976

1. EMBOFF MET WITH SIEPMANN, ECONMINISTRY OFFICE
DIRECTOR FOR DOMESTIC OIL MARKET, AUGUST 4 TO REVIEW
STATUS OF FRG ENERGY MEASURES ON LEADED GASOLINE
(PHASE II) AND STOCKPILING.

2. LEADED GASOLINE (REF A). SIEPMANN SAID THAT,
CONTRARY TO EARLIER FEARS VOICED BY IMPORTERS, SECOND
STAGE OF LEADED-GASOLINE LAW HAS WORKED SMOOTHLY AND
WROUGHT NO GREAT HARDSHIP. HE ASCRIBED PART OF
SUCCESS TO FACT THAT U.S. REFINERIES ARE NOW RUNNING
AT HIGH ("90-95 PERCENT") CAPACITY, WITH RESULT THAT
AMERICAN FIRMS ARE NOT SEEKING POL PRODUCTS IN ROTTER-
DAM AND THUS AMPLE QUANTITIES ARE AVAILABLE FOR GERMAN
MARKET DURING SEASON OF PEAK CONSUMPTION. SIEPMANN
SAID DOMESTIC AND ROTTERDAM REFINERIES HAVE MANAGED TO
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MEET DEMAND FOR IOW-LEAD SUPER GASOLINE, AND THAT

ALMOST 90 PERCENT OF ROTTERDAM-SUPPLIED GASOLINE CONFORMS TO PHASE II NORM OF .15 GRAMS/LITER. (IN OTHER WORDS, ONLY ABOUT 10 PERCENT OF IMPORTED GASOLINE IS SUBJECT TO "EQUALIZATION LEVY.") SIEPMANN CLAIMED THAT IMPORTERS WHO EARLIER OPPOSED PHASE II HAVE NOW CONFIRMED ABILITY TO LIVE WITH IT - I.E., TO ACQUIRE SUFFICIENT AMOUNTS OF LOW-LEAD GASOLINE FOR THEIR CUSTOMERS.

3. STOCKPILING AMENDMENT (REF B). FRG EFFORTS TO AMEND CURRENT STOCKPILING LAW SEEM TO HAVE FAILED, AT LEAST FOR THIS LEGISLATIVE SESSION. SIEPMANN EXPLAINED THAT FDP HAD CONDITIONED ITS SUPPORT FOR AMENDMENT ON APPROVAL BY CDU/CSU PARLIAMENTARY GROUPS. LATTER HAD DECLINED TO GO ALONG, WITH RESULT THAT AMENDMENT HAS BEEN SHELVED. SIEPMANN NOTED THAT CURRENT STOCKPILING LAW FACES JUDICIAL CHALLENGES ON SEVERAL FRONTS: BY REFINING COMPANIES WHICH CLAIM THAT IT IMPOSES UNFAIR BURDEN IN REQUIRING THEM TO HOLD LARGER STOCKS THAN THEIR SMALLER COMPETITORS, AND BY CERTAIN IMPORTERS AND DEALERS WHO OBJECT TO ANY REQUIREMENT THAT THEY HOLD STOCKS, HOWEVER SMALL.

4. GIVEN ROCKY ROAD WHICH FRG STOCKPILING LAWS HAVE TRAVELLED, SIEPMANN SAID THAT HIS MINISTRY SEEKING NEW WAY TO ACHIEVE ITS BASIC OBJECTIVE. ONE COURSE NOW UNDER STUDY WOULD BE TO RELIEVE ALL COMPANIES OF STOCKPILING BURDEN, AND TO CREATE INDEPENDENT AUTHORITY WHICH WOULD BUY UP COMPANY STOCKS AND HOLD THEM IN TRUST FOR TIME OF NEED. FRG COULD FUND THIS AUTHORITY BY TAX ON SALE OF POL PRODUCTS. SIEPMANN NOTED THAT THIS MODEL HAS MAJOR ADVANTAGE IN THAT IT WOULD NOT CREATE COMPETITIVE DISTORTIONS SUCH AS THOSE WHICH HAVE LED TO RECENT COURT CHALLENGES, BUT HE THOUGHT IT WOULD MEET STIFF RESISTANCE FROM GROUPS OPPOSED TO FURTHER HIKE IN ENERGY PRICES.

5. SIEPMANN EMPHASIZED THAT FRG THINKING ON THIS ISSUE HAS NOT PROGRESSED VERY FAR. HOWEVER, HE OPINED THAT SECOND REVISION TO FRG ENERGY PROGRAM, WHEN IT EMERGES LIMITED OFFICIAL USE

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NEXT SPRING, WILL BID ADIEU TO CURRENT STOCKPILING POLICY.
HILLENBRAND

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